



**Office of Governmental Affairs**

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April 17, 2007

**AGENDA ITEM 3A (Revised)**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

**I. SUBJECT:** Senate Bill 235 (Negrete McLeod)—As Introduced  
February 14, 2007

Vision Coverage for CSU Annuitants

*Co-Sponsors: California State University Employees'  
Union and CSEA Retirees, Inc.*

**II. PROGRAM:** Legislation

**III. RECOMMENDATION:** Support

This bill would allow annuitants of the California State University system to participate in the Vision Care Program for State Annuitants.

**IV. ANALYSIS:**

This bill would allow annuitants of the California State University (CSU) system to participate in the Vision Care Program for State Annuitants.

**Background**

The Department of Personnel Administration (DPA) provides vision benefits for active and retired state employees, judicial branch employees, and legislative members and employees.

CSU provides vision benefits for active CSU employees through a contract with Vision Services Plan (VSP). CSU does not offer a separate vision care plan for CSU annuitants, nor is an annuitant of the CSU system eligible to participate in the state's existing vision program. CSU annuitants are limited to benefits currently offered under the CalPERS participating health plans, which vary by plan.

Assembly Bill 2242 (Chapter 611, 2006), authored by Assembly Member Torrico, established the Vision Care Program for State Annuitants. The Vision Care Program is a voluntary program, administered by DPA, and funded by annuitants.

To qualify for the Vision Care Program, under current law, the participant must be an annuitant who retires from the state, as a civil service employee, elected member of the Legislature, legislative employee, constitutional officer, or judicial branch employee, and meet the following requirements: 1) the annuitant was enrolled in a health benefits plan, a dental care plan or vision care plan at the time of separation for retirement, and retired within 120 days of separation, or 2) was not enrolled in the above, but was eligible for enrollment as an employee at the time of separation, and retired within 120 days of separation, or 3) the annuitant is part of the Legislator's Retirement System. Current law specifically excludes annuitants of the CSU and University of California systems.

As of March 2007, CalPERS health benefits program participants included approximately 109,700 retired state annuitants; 22,820 retired CSU annuitants; and an additional 83,200 family members.

#### Vision Service Plan Benefit Coverage for State Employees and Annuitants

DPA administers the Vision Service Plan (VSP) which is available to active and retired state employees. Enrollment is mandatory for active employees and optional for retirees. Qualified members and dependents are eligible for the following annual benefit:

1. Eye exams (\$10 copayment);
2. Basic lens coverage and \$75 allowance for eyeglass frames (\$25 co-payment); or, \$110 allowance for contact lenses and exam;
3. Primary eye care coverage – treatment of urgent and/or chronic medical eye conditions; and
4. Discounts on laser vision care services.

#### CalPERS' Vision Care Coverage

The vision care benefit provided by CalPERS' contracting HMOs is available to all state and public agency employees, retirees, and their dependents. Active employees and retirees enrolled in a **basic plan** (non-Medicare) are covered for:

1. Eye exams (\$10 co-payment; one visit per calendar year for members 18 and over, with no limit on number of visits for members under 18);
2. Eye glasses or contact lenses following cataract surgery (No charge; except for Kaiser which provides an allowance of \$150).

CalPERS self-funded PPO basic plans only cover visits and consultations by an ophthalmologist for an active illness, vision eye exams following cataract surgery, or accidental injury. However, CalPERS self-funded PPO PERS Choice and PERSCare Medicare-Supplement plans do provide for the following vision care coverage:

1. Routine vision exam up to \$35 per member each calendar year,
2. Two lenses (co-payment for each lens: single vision \$20, bifocal \$35, trifocal \$45 or lenticular \$50) or up to \$100 allowance for contact lenses

per member each calendar year; one set of frames per member each 24-month period.

### **Proposed Changes**

This bill would allow annuitants of the California State University system to participate in the Vision Care Program for State Annuitants.

### **Legislative History**

- 2006 Chapter 611 (AB 2242, Torrico) – Created the Vision Care Program for State Annuitants. The Vision Care Program is a self-funded program that is administered by the Department of Personnel Administration.  
*CalPERS' Position: Support.*
- 2005 SB 1091 (Maldonado) required CalPERS to provide vision care comparable to those provided for active employees to state annuitants that retire on or before July 1, 2006, and their dependents. The bill died.  
*CalPERS position: Support, if amended*
- 2003 SB 461 (Burton) contained similar provisions as SB 1091. The bill died before the Board had an opportunity to take a position.
- 2001 SB 335 (Ortiz) contained similar provisions as SB 1091. The bill died.  
*CalPERS position: Support, if amended*
- 2000 AB 2019 (Wildman) contained similar provisions as SB 1091. The bill died. *CalPERS position: Co-sponsor, if amended*
- 1998 AB 2767 (Assembly PER&SS Committee) required CalPERS to contract for vision coverage for state annuitants. Its enactment was contingent upon appropriation of funding, but the vision language was later amended out of the bill. The bill died. *CalPERS position: Neutral*
- 1992 Chapter 629 (SB 1675, Dills) inadvertently deleted the authority to establish the vision care program that was established by SB 2468 (1990), but the language that established the fund remains. *CalPERS' position: Neutral*
- SB 707 (Green) provided for continuous appropriation for vision care benefits for state annuitants. The bill died.
- 1990 Chapter 1677 (SB 2468, Green) required CalPERS to establish a vision program for state annuitants. Bill was passed, but was contingent upon appropriation in the 91/92 Budget Act, and no funding was appropriated.  
*CalPERS position: Support*
- AB 490 (Lancaster) required CalPERS to contract for vision benefits for state annuitants, comparable to those provided for active employees.

Also would have established the State Annuitant Vision Care Fund. The bill died. *CalPERS' position: Support*

- 1988 AB 3116 (Lancaster) required CalPERS to contract for vision coverage for state annuitants, comparable to those provided for active employees. The bill died.

## **Issues**

### **1. Arguments by Those in Support**

CSEA has expressed its desire to expand eligibility for the vision care benefit to CSU annuitants.

*Organizations in Support: California State University Employees' Union (Co-Sponsor), CSEA Retirees, Inc. (Co-Sponsor)*

### **2. Arguments by Those in Opposition**

There is no known opposition at this time.

### **3. Benefit Improvement for CSU Annuitants**

Currently, CSU annuitants are only able to receive vision care coverage through their HMO or PPO plan. The HMO plans only offer routine eye examinations and basic care, and do not include eyeglasses (lens and frames) and contact lens coverage, unless the eyeglasses are prescribed following cataracts surgery. Only the self-funded PPO plans offer vision care benefits to annuitants that include eye examinations, eyeglass coverage, and contact lens coverage.

The VSP plan offers basic eye examination coverage in addition to providing for primary eye care coverage. This coverage includes a more comprehensive eye examination that allows doctors to detect eye conditions, such as cataracts, as well as other health conditions (i.e. glycoma and hypertension). This procedure is an important part of disease management. The VSP plan also offers eyeglass and contact lens coverage with a co-payment.

### **4. CSU and DPA may be required to coordinate vision care benefits**

The Vision Care Program for State Annuitants requires the vision care benefit for participating annuitants to be comparable to the vision care benefits provided to them as active employees. Because CSU provides vision benefits for their active employees and DPA administers the Vision Care Program for State Annuitants, CSU and DPA would need coordinate vision care coverage. Any changes in vision coverage made by either DPA or CSU independently could result in inequitable coverage between the active and retired CSU members. DPA and CSU would be responsible for identifying any implementation issues with this arrangement.

5. Legislative Policy Standards

The Board's Legislative Policy Standards indicate a support position on proposals which provide benefit improvements to retirees to recognize the unique needs of this group. SB 235 would bring CSU annuitants into the Vision Care Program for State Annuitants.

**V. STRATEGIC PLAN:**

This is not a product of the CalPERS strategic plan, but an ongoing responsibility of the CalPERS Office of Governmental Affairs.

**VI. RESULTS/COSTS:**

This bill would include CSU annuitants into the current Vision Care Program for State Annuitants.

Program Costs

Any program costs would be absorbed by the participants of the Vision Care Program for State Annuitants administered by DPA.

Administrative Costs

Any administrative costs to CalPERS to provide annuitant data to DPA will be reimbursed by DPA through an interagency agreement. CalPERS' ability to provide such services to DPA for the administration of this program will depend on the level of involvement requested, as well as CalPERS resource availability.

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